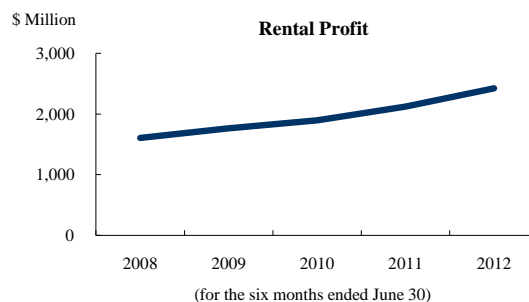
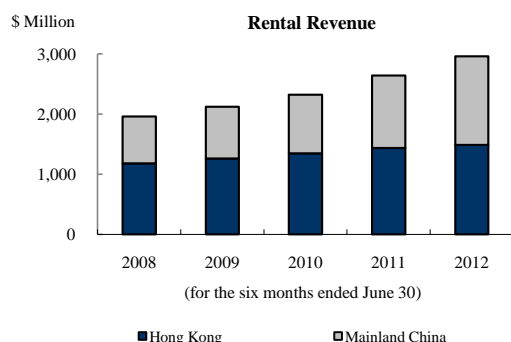


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恒隆地產有限公司  
HANG LUNG PROPERTIES LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 101)

**CONSOLIDATED INCOME STATEMENT  
FOR THE SIX MONTHS ENDED JUNE 30, 2012 (AUDITED)**

(Expressed in Hong Kong dollars)

	Note	2012 \$ Million	2011 \$ Million
Turnover	3	4,234	2,643
Other income	4	479	142
Direct costs and operating expenses		(1,014)	(521)
Administrative expenses		(295)	(185)
Operating profit before change in fair value of investment properties		3,404	2,079
Increase in fair value of investment properties		1,295	1,052
Operating profit after change in fair value of investment properties		4,699	3,131
Finance costs	5	(134)	(50)
Share of profits of jointly controlled entities		43	38
Profit before taxation	3(a) & 5	4,608	3,119
Taxation	6(a)	(679)	(526)
Profit for the period		3,929	2,593
Attributable to:			
Shareholders		3,678	2,374
Non-controlling interests		251	219
		3,929	2,593
Earnings per share	8(a)		
Basic		\$0.82	\$0.53
Diluted		\$0.82	\$0.53

# HANG LUNG PROPERTIES LIMITED

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED JUNE 30, 2012 (AUDITED)

(Expressed in Hong Kong dollars)

	<i>Note</i>	2012 \$ Million	2011 \$ Million
<b>Profit for the period</b>		<b>3,929</b>	2,593
<b>Other comprehensive income</b>	<i>6(b)</i>		
Exchange difference arising from translation of overseas subsidiaries		(495)	1,374
<b>Total comprehensive income for the period</b>		<b>3,434</b>	<b>3,967</b>
<b>Total comprehensive income attributable to:</b>			
Shareholders		3,213	3,631
Non-controlling interests		221	336
		<b>3,434</b>	<b>3,967</b>

# HANG LUNG PROPERTIES LIMITED

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT JUNE 30, 2012 (AUDITED)

(Expressed in Hong Kong dollars)

	<i>Note</i>	<b>30/6/2012</b> \$ Million	31/12/2011 \$ Million
<b>Non-current assets</b>			
Fixed assets			
Investment properties	9	<b>94,405</b>	93,610
Investment properties under development	9	<b>25,748</b>	23,613
Other fixed assets		<b>244</b>	217
		<b>120,397</b>	117,440
Interest in jointly controlled entities		<b>993</b>	1,007
Other assets		<b>445</b>	450
Deferred tax assets		<b>9</b>	35
		<b>121,844</b>	118,932
<b>Current assets</b>			
Cash and deposits with banks		<b>28,972</b>	23,732
Trade and other receivables	10	<b>2,775</b>	1,436
Other assets		<b>445</b>	449
Properties for sale		<b>5,905</b>	6,114
		<b>38,097</b>	31,731
<b>Current liabilities</b>			
Bank loans and other borrowings		-	4,700
Trade and other payables	11	<b>4,233</b>	3,823
Taxation payable		<b>604</b>	392
		<b>4,837</b>	8,915
<b>Net current assets</b>		<b>33,260</b>	22,816
<b>Total assets less current liabilities</b>		<b>155,104</b>	141,748
<b>Non-current liabilities</b>			
Bank loans and other borrowings		<b>27,389</b>	16,034
Deferred tax liabilities		<b>8,787</b>	8,696
		<b>36,176</b>	24,730
<b>NET ASSETS</b>		<b>118,928</b>	117,018
<b>Capital and reserves</b>			
Share capital		<b>4,474</b>	4,473
Reserves		<b>108,701</b>	106,989
Shareholders' equity		<b>113,175</b>	111,462
Non-controlling interests		<b>5,753</b>	5,556
<b>TOTAL EQUITY</b>		<b>118,928</b>	117,018

# HANG LUNG PROPERTIES LIMITED

Notes:

1. The financial statements have been reviewed by the Audit Committee.
2. Basis of preparation

The audited interim financial report has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure provisions of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The preparation of interim financial report in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The HKICPA has issued a few amendments to HKFRSs that are first effective for the current accounting period of the Group. These include the amendments to HKAS 12, Income taxes – Deferred tax: recovery of underlying assets, which the Group has already adopted in the prior period. None of the other developments are relevant to the Group's interim financial report and the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The accounting policies and methods of computation used in the interim financial report are consistent with those applied in the consolidated financial statements for the six-month period ended December 31, 2011, which is the preceding financial period due to change in financial year end date from June 30 to December 31.

3. Turnover and segment information

The Group manages its businesses according to the nature of services and products provided. Management has determined three reportable operating segments for the measurement of performance and the allocation of resources. The segments are property leasing in Hong Kong and mainland China and property sales in Hong Kong.

Property leasing segment includes property leasing operation. The Group's investment properties portfolio, which mainly consists of retail, office, residential, serviced apartments and carparks are primarily located in Hong Kong and mainland China. Property sales segment includes development and sale of the Group's trading properties in Hong Kong.

Management evaluates performance primarily based on profit before taxation.

Segment assets principally comprise all non-current assets and current assets directly attributable to each segment with the exception of interest in jointly controlled entities, other assets, deferred tax assets and cash and deposits with banks. The investment properties of the Group are included in segment assets at their fair values whilst the change in fair value of investment properties is not included in segment profits.

# HANG LUNG PROPERTIES LIMITED

Notes:

## 3. Turnover and segment information (Continued)

### (a) Turnover and results by segments

<u>Segment</u>	Turnover		Profit before taxation	
	2012 \$ Million	2011 \$ Million	2012 \$ Million	2011 \$ Million
Property leasing				
- Hong Kong	1,487	1,435	1,251	1,189
- Mainland China	1,475	1,208	1,171	933
	<u>2,962</u>	<u>2,643</u>	<u>2,422</u>	<u>2,122</u>
Property sales				
- Hong Kong	1,272	-	798	-
Segment total	<u>4,234</u>	<u>2,643</u>	<u>3,220</u>	<u>2,122</u>
Other income			479	142
Administrative expenses			(295)	(185)
Operating profit before change in fair value of investment properties			<u>3,404</u>	<u>2,079</u>
Increase in fair value of investment properties			1,295	1,052
- property leasing in Hong Kong			943	657
- property leasing in mainland China			352	395
Finance costs			(134)	(50)
Share of profits of jointly controlled entities			43	38
Profit before taxation			<u>4,608</u>	<u>3,119</u>

### (b) Total assets by segments

<u>Segment</u>	Total assets	
	30/6/2012 \$ Million	31/12/2011 \$ Million
Property leasing		
- Hong Kong	54,955	54,355
- Mainland China	66,814	64,476
	<u>121,769</u>	<u>118,831</u>
Property sales		
- Hong Kong	7,308	6,159
Segment total	<u>129,077</u>	<u>124,990</u>
Interest in jointly controlled entities	993	1,007
Other assets	890	899
Deferred tax assets	9	35
Cash and deposits with banks	28,972	23,732
Total assets	<u>159,941</u>	<u>150,663</u>

# HANG LUNG PROPERTIES LIMITED

Notes:

## 4. Other income

	<b>2012</b>	2011
	<b>\$ Million</b>	\$ Million
Gain on disposal of investment properties	<b>220</b>	-
Bank interest income	<b>249</b>	132
Interest income from unlisted held-to-maturity investments	<b>10</b>	9
Net exchange gain	<b>-</b>	1
	<b>479</b>	142

## 5. Profit before taxation

	<b>2012</b>	2011
	<b>\$ Million</b>	\$ Million
Profit before taxation is arrived at after charging:		
Finance costs		
Interest on borrowings	<b>262</b>	128
Other borrowing costs	<b>20</b>	18
Total borrowing costs	<b>282</b>	146
Less: Borrowing costs capitalized	<b>(148)</b>	(96)
	<b>134</b>	50
Cost of properties sold	<b>354</b>	-
Staff costs, including employee share-based payments of \$95 million (2011: \$45 million)	<b>422</b>	306
Depreciation	<b>17</b>	15

## 6. Taxation

(a) Provision for Hong Kong Profits Tax is calculated at 16.5% (2011: 16.5%) of the estimated assessable profits for the period. China Income Tax mainly represents China Corporate Income Tax calculated at 25% (2011: 25%) and China withholding income tax at the applicable rates. A withholding tax of 5% is levied on the Hong Kong companies in respect of dividend distributions arising from profits of foreign investment enterprises in mainland China earned after January 1, 2008.

	<b>2012</b>	2011
	<b>\$ Million</b>	\$ Million
Current tax		
Hong Kong Profits Tax	<b>254</b>	147
China Income Tax	<b>252</b>	210
	<b>506</b>	357
Deferred tax		
Change in fair value of investment properties	<b>89</b>	98
Other origination and reversal of temporary differences	<b>84</b>	71
	<b>173</b>	169
Total income tax expense	<b>679</b>	526

(b) There is no tax effect relating to the component of the other comprehensive income for the period.

# HANG LUNG PROPERTIES LIMITED

Notes:

## 7. Dividends

### (a) Dividends attributable to the period

	<b>2012</b>	2011
	<b>\$ Million</b>	\$ Million
Interim dividend declared and paid of 17 cents per share	-	760
Proposed after the reporting date:		
Final dividend of 54 cents per share	-	2,415
Interim dividend of 17 cents per share	<b>761</b>	-
	<b>761</b>	<b>3,175</b>

Dividends proposed after the reporting dates have not been recognized as liabilities at the respective reporting dates.

### (b) Dividends attributable to the previous financial year, approved and paid during the period

	<b>2012</b>	2011
	<b>\$ Million</b>	\$ Million
Dividend in respect of the previous financial year of 36 cents per share	<b>1,611</b>	-

## 8. Earnings per share

### (a) The calculation of basic and diluted earnings per share is based on the following data:

	<b>2012</b>	2011
	<b>\$ Million</b>	\$ Million
Earnings for calculation of basic and diluted earnings per share (net profit attributable to shareholders)	<b>3,678</b>	2,374
	<b>Number of shares</b>	
	<b>2012</b>	2011
	<b>(Million)</b>	(Million)
Weighted average number of shares used in calculating basic earnings per share	<b>4,473</b>	4,470
Effect of dilutive potential shares - share options	<b>14</b>	46
Weighted average number of shares used in calculating diluted earnings per share	<b>4,487</b>	4,516

### (b) The underlying net profit attributable to shareholders which excluded changes in fair value of investment properties net of related deferred tax and non-controlling interests, is calculated as follows:

	<b>2012</b>	2011
	<b>\$ Million</b>	\$ Million
Net profit attributable to shareholders	<b>3,678</b>	2,374
Effect of changes in fair value of investment properties	<b>(1,295)</b>	(1,052)
Effect of corresponding deferred tax	<b>89</b>	98
Effect of change in fair value of investment properties of jointly controlled entities	<b>(22)</b>	(18)
	<b>(1,228)</b>	(972)
Non-controlling interests	<b>70</b>	64
	<b>(1,158)</b>	(908)
Underlying net profit attributable to shareholders	<b>2,520</b>	1,466

The earnings per share based on underlying net profit attributable to shareholders are:

	<b>2012</b>	2011
Basic	<b>\$0.56</b>	\$0.33
Diluted	<b>\$0.56</b>	\$0.32

# HANG LUNG PROPERTIES LIMITED

Notes:

## 9. Investment properties and investment properties under development

### (a) Additions

During the period, additions in investment properties and investment properties under development amounted to \$2,492 million (2011: \$2,213 million).

### (b) Valuation

The investment properties and investment properties under development of the Group were revalued as at June 30, 2012 by Mr. Charles C.K. Chan, Registered Professional Surveyor (General Practice), of Savills Valuation and Professional Services Limited, on a market value basis.

## 10. Trade and other receivables

(a) Included in trade and other receivables are trade receivables with the following terms:

	<b>30/6/2012</b>	31/12/2011
	<b>\$ Million</b>	\$ Million
Current and within 1 month	<b>1,424</b>	66
1 - 3 months	<b>7</b>	3
Over 3 months	<b>2</b>	3
	<b><u>1,433</u></b>	<u>72</u>

The balance of bad and doubtful debts is insignificant.

The Group maintains a defined credit policy including stringent credit evaluation on and payment of a rental deposit from tenants. Proceeds from property sales are receivable pursuant to the terms of the sale and purchase agreements. In addition to the payment of rental deposits, tenants are required to pay monthly rents in respect of leased properties in advance. Except for sale of properties developed by the Group, it does not hold any collateral over the receivables. Receivables are regularly reviewed and closely monitored to minimize any associated credit risk.

(b) Included in other receivables of the Group is deposit of land acquisition in mainland China of \$307 million (December 31, 2011: \$308 million) and amount recoverable from a jointly controlled entity of \$623 million (December 31, 2011: \$693 million) which is unsecured and expected to be recoverable within one year.

## 11. Trade and other payables

Included in trade and other payables are trade creditors with the following ageing analysis:

	<b>30/6/2012</b>	31/12/2011
	<b>\$ Million</b>	\$ Million
Due within 1 month	<b>2,222</b>	1,752
Due after 3 months	<b>275</b>	287
	<b><u>2,497</u></b>	<u>2,039</u>



# HANG LUNG PROPERTIES LIMITED

## Highlights

- For the six months ended June 30, 2012, underlying net profit of Hang Lung Properties increased by 72% to HK\$2,520 million. Total turnover rose 60% to HK\$4,234 million, resulting from 12% growth in property leasing income to HK\$2,962 million and the sales of nine HarbourSide and 108 Long Beach residential flats generated property sales turnover of HK\$1,272 million.
- Our core business, property leasing in Hong Kong and mainland China, continued to achieve pleasing results. Rental turnover and leasing profit rose 12% and 14% to HK\$2,962 million and HK\$2,422 million, respectively.
- Rental turnover and profit generated from our Hong Kong investment properties grew 4% and 5% to HK\$1,487 million and HK\$1,251 million, respectively. If the effect of the discontinued property management operations (i.e. Queensway Plaza and The Wesley) and disposed properties (i.e. Star Centre and Park Towers) were isolated, rental income of Hong Kong investment properties was up 7%.
- Our properties in mainland China achieved remarkable growth in rental turnover and profit of 22% and 26% to HK\$1,475 million and HK\$1,171 million, respectively. Rental reversions, continuous optimization of tenant mix and the opening of the new mall in Jinan, Parc 66, last year contributed to the strong results.
- Nine units of The HarbourSide and 108 units of The Long Beach were sold at average unit prices of approximately HK\$32,100 and HK\$10,600 per square foot respectively. The sales generated total profit of HK\$798 million or an average margin of 63%.
- Two non-core investment properties in Hong Kong, Star Centre in Kwai Chung and shops and car parking spaces in Park Towers in Causeway Bay were sold during the period. Gain on disposal of HK\$220 million was recorded in Other Income.
- The increase in fair value of investment properties amounted to HK\$1,295 million, compared to HK\$1,052 million in the last corresponding period.
- Net profit attributable to shareholders increased by 55% to HK\$3,678 million.
- During the first half of 2012, we issued in total an equivalent of HK\$5,171 million 10-year fixed rate bonds under the MTN Program. Proceeds from bond issue were used to repay some short-term bank borrowings. As a result, average maturity period of our debt portfolio was lengthened to five years with a desirable mix of floating and fixed interest rate. The bond issue also provided us more flexibility in managing future interest rate volatility and re-financing risks. As at June 30, 2012, we had a cash and bank balance of HK\$28,972 million and debts of HK\$27,389 million with a resulting net cash position of HK\$1,583 million.
- The shopping mall at Forum 66 in Shenyang scheduled for opening in September this year is already fully let. Other projects under development on the Mainland have been progressing well.

# HANG LUNG PROPERTIES LIMITED

## Purchase, Sale or Redemption of Listed Securities

During the six months ended June 30, 2012, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of its listed securities.

## Compliance with Corporate Governance Code

During the six months ended June 30, 2012, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices (effective until March 31, 2012) and Corporate Governance Code (effective from April 1, 2012) as stated in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited save that the Non-Executive Director, Mr. Nelson W.L. Yuen and Independent Non-Executive Directors, Ms. Laura L.Y. Chen and Mr. Dominic C.F. Ho, were unable to attend the annual general meeting of the Company held on April 18, 2012 as provided for in code provision A.6.7 as they had overseas engagements.

## Book Close Dates

Book close dates (both days inclusive)	August 29 to 31, 2012
Latest time to lodge transfers	4:30 pm on August 28, 2012
Record date for interim dividend	August 31, 2012
Interim dividend payment date	September 13, 2012

On Behalf of the Board

**Ronnie C. Chan**

*Chairman*

Hong Kong, July 31, 2012

*As at the date of this announcement, the board of directors of the Company comprises the following directors:*

*Executive Directors:* Mr. Ronnie C. CHAN, Mr. Philip N.L. CHEN, Mr. William P.Y. KO, Mr. Henry T.Y. YIU and Mr. H.C. HO

*Non-Executive Director:* Mr. Nelson W.L. YUEN

*Independent Non-Executive Directors:* Mr. S.S. YIN, Mr. Ronald J. ARCULLI, Dr. H.K. CHENG, Ms. Laura L.Y. CHEN, Prof. P.W. LIU and Mr. Dominic C.F. HO